UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

THE CHAIRMAN

September 21, 2001

The Honorable John D. Dingell
Ranking Member
Committee on Energy and Commerce
U.S. House of Representatives
2322 Rayburn House Office Building
Washington, D.C. 20515-6115

Dear Congressman Dingell:

Thank you for bringing to my attention correspondence regarding two securities arbitration cases that you enclosed with your August 16 letter. At the outset, let me assure you that the Commission is dedicated to preserving the fairness of the securities arbitration programs administered by the self-regulatory organizations (SROs).

The letter from Roger E. Winkelman, Esq. expresses particular concern with the New York Stock Exchange's (NYSE) scheduling of hearing dates. Mr. Winkelman asserts that the NYSE failed to schedule sufficient consecutive hearing dates in a case now being handled by his law firm, and complains of excessive delays between scheduled hearing dates. I agree with you that, on its face, the three-year course of this case does not appear to meet arbitration's promise of speed or efficiency.

Commission staff contacted the NYSE in order to learn more about the case addressed in Mr. Winkelman's letter. The exchange has not yet concluded its review of the assertions about its administration of the case. I have been advised, however, that the exchange's initial review suggests that the need for consecutive hearings may not have been clear as early as Mr. Winkelman's letter suggests. I have asked my staff to review closely the NYSE's written reply to you, which we expect to receive later this month, in order to learn whether there are administrative steps the exchange could implement to expedite future cases. As you are aware, however, parties and arbitrators have significant control over the course of arbitration cases. While SRO staff can attempt to facilitate a case, they may not instruct arbitrators or the parties to take particular actions.

More generally, I have been advised by Commission staff that its most recent inspection of the NYSE's arbitration program, concluded in 2001, did not identify the scheduling of consecutive hearing dates as a deficiency in the Exchange's arbitration program. Based on the Commission's current information, the staff advised me that it does not believe Mr. Winkelman's letter reflects a systemic problem at the exchange.

Your letter also asks the General Accounting Office (GAO) to look into broader issues of complex employment and discrimination cases in the arbitration system. In connection with that request, you enclosed a piece of correspondence from Ira and Suzanne Stitz concerning their employment case, which was administered by NASD Dispute Resolution (NASD-DR). I understand that the Stitz matter has been the subject of previous correspondence with you, as well as the subject of consideration by the U.S. General Accounting Office in a November 2000 report titled Procedures for Updating Arbitrator Disclosure Information. As you are aware, U.S. District Court Judge John S. Martin, Jr. rejected the Stitz challenges to the fairness of their arbitration. I also understand that you requested that the Commission and NASD-DR submit a follow-up report in November of this year on GAO's November 2000 report. The Commission will coordinate with NASD-DR to respond to your earlier request.

In the meantime, I thought I would let you know that Commission staff contacted NASD-DR and learned that NASD-DR's employment arbitration case filings have decreased since 1997.[1] The caseload change at NASD-DR follows two changes in its rules. Under the first change, the Form U-4 no longer provides an agreement to arbitrate employment discrimination claims. Under the second rule change, NASD-DR implemented special procedures shaped by the American Arbitration Association/American Bar Association Due Process Protocol for Mediation and Arbitration of Statutory Disputes Arising out of the Employment Relationship for cases brought to its forum under separate employment agreements. The amended rules include provisions for coordinating cases with discrimination claims filed in court and other employment claims filed in arbitration. One possible outcome under the rules is for the parties to decide to resolve all of their claims in court.

In addition, I wanted to point out that a 1998 NYSE rule change also might result in more complex employment cases being resolved in court. The NYSE amended its rules in late 1998 (after the commencement of the matter addressed by Mr. Winkelman) to exclude discrimination claims unless the parties agree to arbitration after the dispute has arisen. While the rule change left open the possibility of bifurcated cases (with discrimination claims being resolved in court and other employment claims resolved through arbitration), exchange staff has advised that no cases since that date have been bifurcated. Parties have agreed either to litigate in court or to arbitrate all of the issues in a particular dispute.

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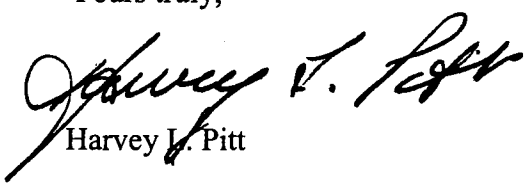
[1] Employment arbitration case filings at NASD-DR: 1997 (166, of which 125 included a discrimination claim); 1998 (125, of which 87 included a discrimination claim); 1999 (79, of which 77 included a discrimination claim); and 2000 (79, of which 51 included a discrimination claim).

I appreciate your attention to arbitration matters. Complex arbitration cases along with other complex litigation will likely continue to raise challenges for the parties and case administrators. They also will remain a focus of the Commission's inspection program, in order to assure that existing rules are effective for the administration of these cases.

Thank you for your letter.

Yours truly,



Harvey L. Pitt

cc: The Honorable W.J. "Billy" Tauzin, Chairman
Committee on Energy and Commerce

The Honorable Michael G. Oxley, Chairman
Committee on Financial Services

The Honorable John J. LaFalce, Ranking Member
Committee on Financial Services

The Honorable Richard H. Baker, Chairman
Subcommittee on Capital Markets, Insurance and
Government Sponsored Enterprises
Committee on Financial Services

The Honorable Paul E. Kanjorski, Ranking Member
Subcommittee on Capital Markets, Insurance and
Government Sponsored Enterprises
Committee on Financial Services

The Honorable David M. Walker, Comptroller General
U.S. General Accounting Office

Richard A. Grasso, Chairman and CEO
New York Stock Exchange, Inc.

James E. Buck, Senior Vice President and Secretary
New York Stock Exchange, Inc.

Linda D. Fienberg, President
NASD Dispute Resolution

Richard A. Grasso
Chairman and Chief Executive Officer

New York Stock Exchange, Inc.
11 Wall Street
New York, NY 10005

NYSE

September 27, 2001

The Honorable John D. Dingell
U.S. House of Representatives
Washington, DC 20515

Dear Congressman Dingell:

I am responding to yours of August 16, 2001 which enclosed a letter from Roger A. Winkelman. Your letter expressed concern about possible shortcomings in the arbitration of employment discrimination cases.

On December 29, 1998, the New York Stock Exchange ("NYSE" or "Exchange") amended its rules to exclude claims of employment discrimination from arbitration unless both parties consent to arbitrate after the dispute arises. Following this amendment the Exchange has received very few cases alleging employment discrimination. The parties voluntarily submitted these cases to arbitration. The case referred to in your letter is one of the last claims filed before the NYSE changed its rules.

We have reviewed this matter and our findings are detailed in the attached memorandum. In summary we found that, although this matter has not proceeded as expeditiously as arbitration is intended to be, delays were caused by the parties' failure to respond to the Arbitration Department's request that they advise us how much time was needed to present their case and by the parties' continued inability to accurately estimate the time needed to complete the hearing. We believe there does not appear to be a systemic shortcoming in the arbitration process.

The NYSE is committed to providing a forum where disputes are quickly and fairly resolved. The case referred to in your letter appears to be an exception. Nevertheless, we are happy to work with you and the Congress on improving the process of arbitration.

Sincerely,

Dick Grasso

Memorandum

NYSE

To: James E. Buck

From: Robert S. Clemente

Date: September 25, 2001

Re: Congressman Dingell's Letter - Employment Discrimination Claims

This memorandum contains the results of my review of the arbitration file referenced in Congressman Dingell's letter of August 16, 2001 and the letter of Mr. Winkelman, dated August 1, 2001 attached thereto. In brief, the correspondence expresses concern of possible shortcomings in the arbitration process, in particular the scheduling of sufficient consecutive hearing dates in complex employment discrimination claims. As you know our rules were amended in 1998 so that discrimination claims can only be arbitrated if the parties agree after the dispute arose. This case was filed before the rule went into effect.

Since the arbitration hearing is continuing, I limit my remarks to observations of the case file and hearing transcript so as not to prejudice either party. The file shows the case has proceeded on a schedule largely dictated by the parties. The case was filed in June 1998 and would generally have been scheduled for a hearing in early 1999. In February 1999, however, the parties agreed to use a voluntary procedure to select arbitrators. This procedure gives the parties control over who the arbitrators will be and takes more time than staff appointment of arbitrators. The procedure does not permit our staff to inquire about the arbitrators' schedules. Some arbitrators selected by the parties may not be available to hear large cases on consecutive hearing days.

NYSE Rule 613 gives the arbitrators the authority to schedule additional hearing dates after the initial hearing. Most arbitrators, including the arbitrators on the case referred to in Congressman Dingell's letter, attempt to accommodate the schedules of the parties and lawyers. The hearing dates in the subject case have been spread over a year because the parties: (1) did not respond to the Exchange's request that they advise us of the amount of time needed to present their case; (2) did not advise the Exchange that the case could "take weeks to complete" and; (3) continually underestimated the time they would need to complete the hearing. The parties agreed to start the hearing on the initial three dates in August of 2000. On August 31, 2000, claimant's counsel advised us that he needed only three more days to finish his case. It actually took him five more days to finish.

While it was unfortunate that the arbitrators were not able to reconvene the hearing in the fall of 2000, our file shows that neither we nor the arbitrators were aware before the start

of the first hearing that additional hearing dates would be needed. The attorneys' schedules also contributed to the delays. After the initial hearing, the arbitrators asked the parties to submit proposed hearing dates for January, February and March 2001. Claimant's attorney advised the Exchange that he was not available in February, only in January and March. The arbitrators scheduled four hearing dates in March 2001. Claimant's counsel then advised us that he was not available for two of those dates. The arbitrators then scheduled two hearing dates in April 2001. We anticipate that the case, which had three additional hearing dates in August 2001, will be concluded in December 2001.

Discovery

The Chair of the panel conducted several pre-hearing conferences to resolve discovery disputes. This is not typical. Often discovery disputes are resolved on written submissions or by telephone conference calls. In-person conferences are harder to schedule and therefore take more time.

The Exchange's arbitration department offers several pilot programs designed to give parties more control over the process. These include alternative procedures for selecting arbitrators, mediation and administrative conferences. The procedure for selecting arbitrators using random lists is voluntary. Giving the parties more control of the process has, in many cases, increased the time it takes to resolve disputes. Despite this, last year NYSE arbitrators decided cases on average in a little more than 10 months. This year (through August) the average has grown to 14 months. Much of this increase is directly attributable to the pilot list selection process and the parties exercising greater control over scheduling.

While it is unfortunate that circumstances led to a less than expeditious resolution of this particular matter, I do not believe that there is any systemic shortcoming responsible for this particular case. Had the parties advised us or the panel in advance that it would take 10 days to complete the case, we would have scheduled a series of dates as close together as possible in 2000.

Moreover, since our rule change in 1998, and the amendment of form U-4 to no longer require an agreement to arbitrate employment discrimination claims, the number of such claims now filed here is negligible. Parties apparently are pursuing employment discrimination claims in court. Only two arbitrations involving claims of employment discrimination have been filed this year, both by post-dispute agreement of the parties.

ONE HUNDRED SEVENTH CONGRESS

U.S. House of Representatives
Committee on Energy and Commerce
Washington, DC 20515–6115

August 16, 2001

The Honorable David M. Walker
Comptroller General
U.S. General Accounting Office
441 G Street, N.W.
Washington, D.C. 20548

The Honorable Harvey L. Pitt
Chairman
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Mr. Richard A. Grasso
Chairman and CEO
New York Stock Exchange Inc.
11 Wall Street
New York, N.Y. 10005

Dear Mr. Walker, Mr. Pitt, and Mr. Grasso:

I am writing concerning the enclosed complaint about an arbitration proceeding before the New York Stock Exchange in a case involving allegations of wrongful termination, breach of contract, and age discrimination. I request that the Securities and Exchange Commission (SEC) and the New York Stock Exchange look into this matter and report your findings, and any appropriate actions to address the underlying procedural problems, by the close of business on Friday, September 21, 2001.

While arbitration may prove to be speedy, efficient, and fair in many cases, that is not universally true. We are starting to see an increase in complaints about complex employment and discrimination cases being forced into an arbitration system that is ill-equipped to handle them. The result is injustice. That is unacceptable. I therefore ask that the General Accounting Office look into this problem and make appropriate recommendations for reforms. I am transmitting Mr. Winkelman's letter as well as the June 29, 2001, letter from Mrs. Suzanne Stiz

regarding her NASD Dispute Resolution arbitration. Legislation imposing minimum requirements to make arbitration fair, equitable, and voluntary died in the 100th Congress under intense industry opposition. Hopefully, we can agree on how to resolve the most serious shortcomings in the system as applied to these specific kinds of cases.

Thank you for your cooperation and attention to my request.

Sincerely,

JOHN D. DINGELL
RANKING MEMBER

Enclosures

cc: The Honorable W. J. "Billy" Tauzin, Chairman
Committee on Energy and Commerce

The Honorable Michael G. Oxley, Chairman
Committee on Financial Services

The Honorable John J. LaFalce, Ranking Member
Committee on Financial Services

The Honorable Richard H. Baker, Chairman
Subcommittee on Capital Markets, Insurance and
Government Sponsored Enterprises
Committee on Financial Services

The Honorable Paul E. Kanjorski, Ranking Member
Subcommittee on Capital Markets, Insurance and
Government Sponsored Enterprises
Committee on Financial Services

Mr. Roger E. Winkelman

Ira and Suzanne Stitz

Ms. Linda Fienberg, President
NASD-DR

RS
DS
LS
CW
File

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Read Counsels Advise me

August 1, 2001

Honorable John Dingell
2328 Rayburn House
Washington D.C. 20515

Dear John:

A client of this firm recently came across and forwarded to us an article in the magazine "On Wall Street" which mentions your concerns regarding the inequities of mandatory arbitration required in securities industries disputes. The article was of particular interest to the client, because he is currently involved in a significant New York Stock Exchange arbitration action and is very dissatisfied with the manner in which the claim is proceedings.

The client is a former Branch Manager of one of the largest branch offices for a major brokerage house. His claim includes allegations of wrongful termination, breach of contract, violation of Michigan wage and fringe benefit laws and age discrimination. He is represented on the claim by a partner in this firm, Phillip L. Sternberg.

Filed originally on June of 1998, because of the very limited ability granted in arbitration proceedings to discovery combined with the complex nature of the claim, the actual hearings did not commence until August of 2000. Although the limited nature of discovery in a claim such as this in and of itself gives great advantage to the brokerage house over the complainant, the conducting of the hearing is now the paramount concern and one which Mr. Sternberg believes may be of interest to you in your examination of the process.

Despite the fact that both sides acknowledged before the hearing that it could easily take weeks to complete, the Exchange allotted only three days of hearings in August of 2000. Once those three days were exhausted and testimony of only three witnesses could be completed, the next available date for hearings was not until March of 2001 and then only three days of hearings were provided followed by an additional two days in April.

The matter is scheduled to reconvene for two days next week, August 9 and 10. It clearly will not be completed in that time and if the scheduling proceeds along the path it has thus far taken, further hearing dates will not be available until sometime in the year 2002. Assuming that to be the case (and there is no reason to assume otherwise at this point), it will be, at best, two years from the date the Claimant first began to present his case that the arbitrators will even begin to deliberate.

Mr. Sternberg, the Claimant and I believe that this huge lapse in time is so prejudicial to the Claimant's cause to be in and of itself a denial of basic due process of law. It is noteworthy that a Michigan Court of Appeals panel found that a continuance of only six days after a plaintiff's case presentation in a jury trial could unfairly prejudice the plaintiff's rights to a fair trial.

Whether or not this particular panel can rise above the slant of the playing field in this matter and arrive at a fair and just award is a surely a matter of, unfortunately, doubtful speculation. However, perhaps in the future these inequities can be eliminated through efforts such as those which you appear to have undertaken. In that regard we would like the opportunity to meet with you and discuss the entire process in greater detail.

Please ask your assistant to contact my office so that a meeting in the Detroit area may be scheduled at your earliest convenience. As always, I appreciate your consideration and friendship and look forward to hearing from you in the near future.

With kindest regards,

COUZENS, LANSKY, FEALK, ELLIS,
ROEDER & LAZAR, P.C.

ROGER E. WINKELMAN

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RS
DS
LS
CW
file

IRA AND SUZANNE STITZ
97 MONMOUTH COURT
ORANGEBURG, NY 10962
845 359-7580
FAX: 845 359-4599

June 29, 2001

Re: NASD Arbitration Number 97-04823
The Equitable Lfe Assurance Society of
the United States vs. Ira Stitz and Suzanne Stitz

Dear Congressman Dingell:

Thank you for sending us copies of letters of June 4, 2001, response of NASD Dispute Resolution to your letters of Mayl, 2001, and May 23, 2001, regarding my arbitration.

As you state in your letter of June 19th, as a result of our complaint you and your staff were able to get the NASD-DR to implement some very important reforms as to "its procedures for updating and verifying the biographical data of arbitrators" and an amendment "to allow the director or the president of NASD-DR to remove an arbitrator for cause at any time where they find circumstance which might preclude such arbitrator from rendering any objective and impartial decision."

We are coming to you once again in response to the above letters and especially the letter dated June 4, 2001 where Linda Fienberg addresses your questions as to our arbitration.

We are outraged by Ms. Fienberg's response, indicating again, needs for very strong reforms for the public. What reforms are needed? Reforms dealing with training of the arbitrators and importantly, decisions rendered by arbitrators; an explanation should be included (what is obstructionist behavior?) and should be supported by fact. Here we have a decision where the arbitrators do not define "obstructionist behavior." Ms. Linda Fienberg, President, NASD-DR, cannot explain it and will not even research this with the arbitrators as they did with our last complaint that led to such wonderful reforms and then there is the Stitzs' who have no idea what this means. Therefore, everyone hides behind "obstructionist behavior." Mr. Dingell, don't you agree that when a decision is rendered that all parties should have a full understanding of what is happening to them? If a panel of arbitrators come down with a decision, the burden of proof to support that decision should be included in the written decision.

As stated in your letter of May 1, 2001, "The Award indicates that the Stitz's were liable for $72,775.02 in attorneys fees incurred by Equitable because:"

"The Panel finds that due to the often obstructionist behavior of the Respondents and their counsel during the course of the Arbitration hearings, additional hearing sessions were undertaken over and above the amount originally agreed to by the parties, and concomitant additional legal fees were unnecessarily incurred by Claimant for attorney's fees and disbursements in the amount of $72,775.02, representing Claimant's fees and disbursements for the period June 11, 1999 through May 9, 2000, the time period the Panel finds would not have been necessary had Respondents and their counsel not engaged in such obstructionist behavior."

Let's address that decision where the Panel states` "additional hearing sessions were undertaken over and above the amount originally agreed to by the parties and concomitant additional legal fees were unnecessarily incurred by Claimant for attorney fees and disbursement." Ms. Fienberg in her letter of June 4th addresses this very issue in that she states, "there is no mechanism to request that any party agree to a specific number of hearing sessions. Dispute Resolution provides the parties with a notice of all scheduled hearing sessions. Likewise, there is no guideline for the usual length of a complex case." There was not an agreement as to the number of hearing sessions in the Stitz Arbitration and as to "complex case" ours dealt with 3 cases in one. Therefore, Ms Fienberg should find a problem with their decision in that they continually refer to this extended time. The next question arises here as to "fees and disbursements for the period June 11, 1999 through May 9, 2000, the time the period the Panel finds would not have been necessary had Respondents and their counsel not engaged in such obstructionist behavior." If an explanation had been made in the decision, the realization would have been that this expanded time and expended legal fees were the direct result of the removal of Chairperson Francis. Denial by Mr. Francis to recuse himself, motions and briefs requested from both sides on this issue, intervention by yourself, and NASD-DR were the causes not "obstructionist behavior." The Stitzs' are being penalized for this by having to pay legal fees and ¾ forum fees. Mr. Dingell, aren't you outraged that an educated panel does not have the responsibility to explain an assessment – you must not allow this unfairness to persist.

Ms. Fienberg, in her June 4th letter keeps referring to Judge John S. Martin, Jr's decision but she is also aware that Judge Martin does not refer to the circumstances of the removal of Mr. Francis and the reforms made from our complaint. Instead, she chooses out of context quotes from the Judge when he has not analyzed the facts.

Ms. Fienberg states, "the arbitrators did not specify the nature of the obstructionist behavior of the Stitz and their counsel and did not point to portions of the record evidencing that behavior." This cries out for reform, Mr. Dingell, the public is entitled to an explanation and here once again Ms. Fienberg refuses to provide one. What she states in its place is, "However, I note that the District court stated that the Stitzs did not produce a copy of the transcript in support of their Motion to Vacate." This is appalling. We have to explain why we did not display obstructionist behavior by submitting a

transcript and the Panel doesn't have to explain what it is and where it lies in the transcript. We do not even have a transcript of the proceedings, although we requested the tapes and the NASD did not respond. Because of the prohibitive cost, Mr. Dingell, if you could get this for us we would so appreciate that. The documentation submitted to Judge Martin as exhibits on our cross motion is voluminous and detailed; exhibits contain all the necessary evidence to disaffirm the arbitration award. It is shocking to us that Judge Martin doesn't even refer to any of our exhibits.

Mr. Dingell, you also note in your letter that "the Panel assessed the Stitzs 75 percent of the forum fees or $25,875.00." We received no explanation from the Panel. Ms. Fienberg states in her June 4th letter, " The arbitrators did not specify their reasons for how they split the assessment of forum fees. The arbitrators did, however, cite obstructionist behavior as to the basis for awarding attorneys' fees." Is Ms. Fienberg making an assumption here for the arbitrators? Obstructionist behavior, which we cannot get a definition of, is costing us $98,650.02 (legal fees and forum fees). Throughout her letter, it appears that she feels that the arbitrator has all the power, does not have to answer to anyone (including her), can use terms and yet, not explain them, award fees without explanation. Where is Ms Feinberg and the NASD-DR responsibility here? It is clear she does not want to take any responsibility here to do any research to answer your questions. Your last questions on our last complaint she researched and found the answers to which led to reforms. Her only answer was her referral to Section 10205 of the code where it states that "the arbitrators may determine in the award other costs and expenses of the parties and arbitrators which are within the scope of the agreement of the parties." Does costs and expenses refer to legal fees and forum fees and once again where among our arbitration agreement, papers, do the Stitz; agree to this? Then Ms. Fienberg refers to Judge Martin's decision saying "cites the Stitzs' own request for an award of attorneys' fees as a waiver of any claim that the arbitrators lacked the authority to issue such an award." Judge Martin omits any reference to the Stitzs' opposition to arbitration in the first place and he requests by the Stitzs in their court lawsuit for attorney fees. It was Judge Martin who transferred our request for legal fees to arbitration and we were compelled under a court order to submit to such arbitration. The only reason our attorney presented a list of legal fees was because a request was made by Ms Shari Sturm on behalf of the arbitration panel. We questioned why but did not receive an answer. Again, Mr. Dingell, if an explanation by the arbitrators was expressed in their written decision, they would have realized such an agreement was not made.

As to question 4, Ms Fienberg in paragraph 2 of page 2 of her June 4th letter gave details of the procedures used to verify the biographical data submitted by the arbitrators in our case. Ms. Fienberg discusses how DR reviews and updates background information on arbitrators each time they serve on a case. She says: "The staff also requires each arbitrator to execute an oath for each case on which the arbitrator serves. That oath attests to the accuracy of the information on the disclosure profile." We received a disclosure profile but never received an executed oath where Mr. Francis is to sign off that his disclosure profile is correct. We have requested this document in the past and have not received this so I ask you if you could kindly make that request on our

behalf. In addition and more importantly, Mr. Francis (refer to his corrected disclosure profile attached here) sat on numerous cases while on ours so once again how does Mr. Francis sign off on all these cases, and, how does the NASD continue time after time not update his profile until we submit his new employment?

We are enclosing Mr. Francis' corrected Arbitrator Disclosure Report which brings up another needed reform. There should be some kind of reform to expedite cases as is promised when you go to arbitration. We were promised when going to arbitration, the process would save time and money. We have already established here how costly it is to go to arbitration. Let's address the time factor and how it affects a public case.

The Panel in its decision would have you believe that due to "obstructionist behavior" of the respondents the time required was extended. Attached here is page 5, "FEES" of the "Award" set down by the Panel. Please take notice the pre-hearing conference was April 15, 1998 and the actual hearing did not begin until January 5, 1999. Why? Because the arbitrators (3) were not available, and if you look at Mr. Francis' list of cases he sat on during that period you could see why. Referring to the hearing dates listed, the reason for the delays was clearly due to the arbitrators inability to attend these meetings due to other cases and also note on this page that the Stitzs' were never charged any "Adjournment Fees" for delay of case. However, the Claimant, Equitable, was charged $1600 for delaying the proceedings. If you look at the date, June 18, 1999 you will see ultimately the Stitzs' are paying for this (refer to page 4 of the Award). This is so stated in page 4 of the Award where the Respondents, Stitzs' are paying the Claimant, Equitable, fees and disbursements from June 11, 1999 through May 9, 2000. The delay in reality was due to the arbitrators inability to meet, the Equitable's adjournments and not due to the Stitzs. In addition, looking at the hearing dates from October 1, 1999 through May 9, 2000, these dates pertained to the process relating to the removal of Mr. Francis, the introduction of arguments on both sides, legal work on both sides, NASD involvement when Congress and GAO got involved, and not only are the Stitzs charged for all this but the timely fashion for arbitration does not exist. Mr. Dingell, once again, this cries out for reform. Where is the fairness to the public? How can a Panel rule on a case or retain the information to rule correctly over a period of 1¼ years?

With regard to your question number 5 as to why the NASD intervened only when there was a Congressional and GAO inquiry? Ms. Fienberg does not answer this question but rather restates your question incorrectly: "You have asked why the NASD did not take action against Mr. Francis in response to the Stitzs" and in paragraph 3 of page 2 of her June 4th letter, she gives that answer but does not indicate why a letter from you brings action.

In Ms. Fienberg's response to your May 23rd letter, she answers your question that our case was no longer a confidential matter but fails to address your question what does " strain the process dramatically" mean, and "Are the Stitzes being punished because their case did not comfortably fit the constraints of the arbitration process?"

In one of your past letters you write, "my support for investor protection is unwavering." We hope we can continue to count on this support and hope you will act on our letter accordingly and push for the needed reforms.

Thank you for all past help and hopefully future help.

Sincerely,

IRA STITZ

SUZANNE STITZ

Ira Stitz, LUTCF

Tax Efficient Investing*
Employee Benefit Plans
College Education Funding

Long Term Care Insurance
Estate and Financial Planning
Pre and Post Retirement Planning

IRA's, Mutual Funds and Annuities *
Sophisticated Life Insurance Programs
Business and Executive Compensation Designs

COVER PAGE FOR FACSIMILE TRANSMISSION

DATE: MONDAY, July 2, 2001

FROM: *Ira Stitz*

TEL: #845/359-4422
FAX #845/359-4599

TRANSMISSION BEING SENT TO:

NAME REID P.F. STUNTZ
COMPANY JOHN DINGELL, COMMITTEE ON ENERGY & COMMERCE
PHONE #

FAX#: 202 225 2525

RE: NASD ARBITRATION NUMBER 97-04823
EQUITABLE VS. IRA & SUZANNE STITZ.

DEAR MR. STUNTZ,

THIS SHOULD HAVE BEEN INCLUDED IN THE PACKAGE YOU WILL RECEIVE FROM ME TODAY. THANK YOU IN ADVANCE.

IRA STITZ

# of pgs. (4)

IRA STITZ ASSOCIATES
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Fax: (845) 353-4599 E-Mail: IRASTITZ@AOL.COM

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD-DR will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee	= $ 500
Counterclaim filing fee	= $ 500

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated person at the time of the events giving rise to the dispute. In this matter, the member firm is a party.

Member surcharge	= $ 800

Adjournment Fees

Adjournments requested during these proceedings:

May 14, 1999 adjournment requested by Claimant	= $ 600
June 18, 1999 adjournment requested by Claimant	= $1,000

Forum Fees and Assessments

The Panel assesses forum fees for each hearing session conducted. A hearing session is any meeting between the parties and the arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

1 Pre-hearing session with Panel x $1,500 = $ 1,500

Pre-hearing conference: April 15, 1998 1 session

22 Hearing sessions x $1,500 = $ 33,000

Hearing Dates:		
	January 5, 1999	2 sessions
	January 6, 1999	2 sessions
	January 7, 1999	2 sessions
	May 27, 1999	2 sessions
	June 4, 1999	2 sessions
	June 11. 1999	2 sessions
	October 1, 1999	2 sessions
	October 4, 1999	2 sessions
	October 20, 1999	2 sessions
	October 26, 1999	2 sessions
	May 9, 2000	2 sessions

Arbitrator: A10219

Report ID: NLSS007

ARBITRATOR DISCLOSURE REPORT

Arbitrator information last amended on 11/3/1999

ARBITRATOR

Arb ID	Arbitrator Name	Industry/Public
A10219	Mr. James A. Francis Esq.	Industry Arbitrator

SKILLS IN CONTROVERSY

Account Related - Failure to Supervise
Employment - Breach of Contract
Employment - Promissory Notes
Employment - Training Contracts
Employment-Libel or Slander
Fraudulent Activity - Omission of Facts
Fraudulent Activity-Brch of Fiduciary Dt
Fraudulent Activity-Churning
Fraudulent Activity-Misrepresentation
Fraudulent Activity-Suitability
Fraudulent Activity-Unauthorized Trading
Other-Raiding Disputes

SKILLS IN SECURITIES

Common Stock
Corporate Bonds
Limited Partnerships
Mutual Funds

EMPLOYMENT/EDUCATION

Begin Date	End Date	Type	Firm/School	Position/Degree
1/1/1965	1/1/1968	Education	Loyola University Sch of Law	JD
1/1/1959	1/1/1963	Education	Loyola University	BS
5/1/1997		Employment	McDonald Information Service	General Counsel
1/1/1997		Employment	General Counsel	unknown
8/1/1996	5/1/1997	Employment	Attorney	Specializing in Arb.
1/1/1996	1/1/1997	Employment	Attorney at Law	Self
1/1/1980	1/1/1996	Employment	The Ohio Company	Sr. VP Corporate Coun

TRAINING

Begin Date	End Date	Description	Certification
3/25/1994		Intro Securities Arbitrator Training	4 hours SOL
10/7/1994		Chairperson Securities Training	4 hours COL

DISCLOSURE/CONFLICT INFORMATION

Type/Sub-Type	Description
Has/Had an account with	Charles Schwab & Company, Inc.
Has/Had an account with	The Ohio Company
Is/Was employed by	The Ohio Company

PUBLICLY AVAILABLE AWARDS

Case ID	Case Name	Closed Date
97-03487	Mildred Teicher vs. SFI and Frank Fasano	6/9/1999
98-00360	Cole Family Partners,LP, Richard Cole, Jai Gaur, Joan M. Gil et al. vs. Duke & Co., Lawrence Rosenberg, Victor Wang, et a	6/9/1999
97-02386	W.R. Lazard, Laidlaw Incorporated v. Greenwich Global, L.P. and Phoebe Zaslove	3/29/1999
97-05834	Mark S. Urich vs. Worthington Capital Group, Inc.	3/17/1999
97-05008	Joel L. Gold vs. LT Lawrence & Co., Inc.	2/9/1999

Arbitrator: A10219

Report ID: NLSS007

97-05674	Jeffrey Greenip vs. Cambridge Partners, L.L.C., John J. McFadden and Bjorn Aasered	12/3/1998
96-01833	Surinder Chabra and Parvinder Chabra v. Amarjit Singh, Birch Trec Financial Services, Inc., A. Randal Birch, et al.	9/25/1998
97-04957	Comprehensive Capitol Corporation vs. Christopher Gerald Ryan	6/11/1998
97-04138	GFI Group Inc. vs. Nicholas DeMaria	4/2/1998
97-01834	Armenoui Karamanoukian vs. Earl J. Swan, III, Aaron Bronstein, and The Golden Lender Financial Group, Inc.	3/10/1998
97-00432	Howard Barten and Virginia Gahan t/a Barten Galun Associates vs. Brookstreet Securities Corp.	11/1/1997
90-02329	Gary Kovach vs. Roney & Co.	7/11/1991

ARBITRATOR BACKGROUND INFORMATION

I received a BS from Loyola University, Chicago in 1963. I entered the U.S. Army as a Second Lieutenant after graduating from college and having participated in the R.O.T.C. program. After two years in the U.S. Army Artillery, I was discharged as a First Lieutenant. I then entered Loyola University School of Law in Chicago, Illinois in 1965 and graduated in 1968. I passed the bar exam in the State of Illinois in 1968. I began working for the U.S. Securities & Exchange Commission in the Chicago regional office specializing in securities law, including Regulation A and enforcement matters. After working for three years for the SEC, I joined Walston & Company as a Regional Compliance Director covering the midwest division based in Chicago, Illinois. After 1974, I went into the practice of law in the State of Iowa and was admitted to practice in the State of Iowa. In 1980, I joined The Ohio Company as Compliance Director. During my time at The Ohio Company, I have been subsequently designated Corporate Counsel and been promoted to Senior Vice President. I have specialized in broker dealer and securities work since law school. I have represented The Ohio Company and it's employees as attorney in several arbitrations, including recruiting type disputes. I am a member of the Illinois, Iowa and Ohio Bars. I have served as an attorney specializing in securities arbitrations. From 8/96 to 5/97, I was an attorney specializing in arbitration. From 5/97 to the present, I serve as General Counsel for McDonald Information Service a company providing financial information to banks and brokerage firm on the reliability of retail and institutional accounts. Updated 6/3/98 em

GAO
Accountability • Integrity • Reliability

United States General Accounting Office
Washington, DC 20548

September 26, 2001

The Honorable John D. Dingell
Ranking Minority Member
Committee on Energy and Commerce
House of Representatives

Dear Mr. Dingell:

We received your letter dated, August 16, 2001, requesting the General Accounting Office to conduct a review of the arbitration system used by the securities industry.

GAO has accepted your request as work that is within the scope of GAO's authority. To fully respond to your request, we have determined that GAO may be unable to initiate work for 2-months because we do not have staff with the required skills available at this time. We have assigned your request to Ms. Cindy Fagnoni, Managing Director for Education Workforce and Income Security. Ms. Fagnoni or a member of her team will contact your office to discuss the request, your needs, and the assignment's objectives, scope and methodology in accordance with our protocols.

If you have any questions, please contact Ms. Fagnoni on (202) 512-7202 or me on (202) 512-4507.

Sincerely yours,

Doris E. L. Cannon

Doris E.L. Cannon
Assistant Director
Congressional Relations